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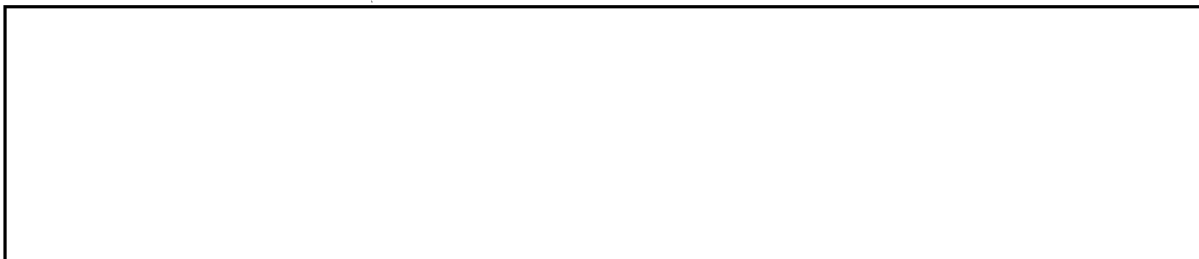
National Intelligence Bulletin

December 7, 1974

CONTENTS

CYPRUS: Makarios' return adds troublesome element to tense situation. (Page 1)

25X1



ETHIOPIA: Key positions filled. (Page 8)

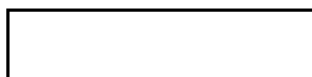
25X1



BRAZIL: Government officials apparently using news of oil find to offset recent economic setbacks. (Page 15)

COLOMBIA: Demonstrators protest President's emergency economic measures during review by Congress. (Page 16)

FOR THE RECORD: (Page 17)



25X1

National Intelligence Bulletin

December 7, 1974

CYPRUS

Archbishop Makarios' return to Cyprus today after a five-month exile introduces troublesome elements into a situation that is already charged with tension. He could with one speech wreck the positive atmosphere that has developed in the negotiations between Acting President Clerides and Turkish Cypriot Vice President Denktash.

Makarios is aware of this and is not likely to take any actions that could kill his chance of again becoming leader of all Cypriots. He may not, however, be able to control emotional outbursts from within his own Greek Cypriot community; Makarios' supporters and opponents are now more sharply divided than when he fled the island last July.

Most observers expect some violence, particularly from people who experienced the loss of friends and relatives in the bloody aftermath of the coup last July.

Press reports indicate some firing last night along the "green line" that divides the Turkish Cypriot and Greek Cypriot sectors of the capital. Makarios is expected to reside in the archbishopric in Nicosia, which is located only a short distance from the "green line." In the short run, the euphoria surrounding the archbishop's return will sustain his popularity, as will the threat posed by the presence of the Turks.

Most of the opposition to Makarios appears to share the belief that Greek Cypriot unity is essential in the months ahead to deal with the Turkish threat. Many of the more radical leaders of the EOKA-B terrorist organization that participated in the coup in July have left the island, while responsible EOKA-B leaders still on Cyprus have reportedly urged their followers to refrain from violence unless provoked.

Makarios has tried to encourage this attitude by publicly extending an olive branch to his Greek Cypriot adversaries. He has called for unity and reconciliation among Greek Cypriots and "forgiven" those who sought his overthrow. He also recently expressed the hope that the

National Intelligence Bulletin

December 7, 1974

discord in the church between those who oppose and support him will be ended. [REDACTED]

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Ultimately, Makarios' standing among Greek Cypriots will depend on his success in wresting concessions from the Turks and Turkish Cypriots. When Makarios was forced to flee the country last July, Cyprus was relatively prosperous and dominated by its well-to-do Greek Cypriot majority. Now the island's economy is in ruins. Most of what wealth remains and much of the land is under the control of the Turkish Cypriot minority.

Approximately 200,000 Greek Cypriots--almost one third of the island's population--are dispossessed and are expecting a miracle from Makarios. If he cannot deliver, their faith and support for him could dwindle rapidly and lead to serious disorders in the Greek Cypriot sector.

Makarios is expected upon his return to Nicosia to limit his movements for security reasons. He will hold a series of consultations with leading members of the Greek Cypriot community, following which he will probably make some changes in the executive branch to consolidate his position and give Clerides written instructions to negotiate a settlement with the Turkish Cypriots.

Makarios' heretofore uncompromising stance toward the Turkish Cypriots had been fashioned by his belief that time was on the side of the Greek Cypriots. Only recently has the archbishop come to accept the fact that the situation may now be reversed. [REDACTED]

25X1
25X1

National Intelligence Bulletin

December 7, 1974

The archbishop could still complicate the negotiations, however, by quibbling over the number or size of the Turkish Cypriot zones and the extent of their powers. He could even abandon the proposal in favor of a tougher line.

For their part, the Turks and Turkish Cypriots are concerned about the effect Makarios' return will have on the Greek Cypriot negotiating position and the security of Turkish Cypriots living in the Greek Cypriot sector of the island should intercommunal fighting break out. Their reaction to the Athens summit has been cautious, and they are doubtless awaiting full details of the new Greek Cypriot proposals before taking a position. Turkish Cypriot Vice President Denktash's tentative agreement to hold another round of humanitarian talks with Clerides on December 9 and his statement to Clerides that he is prepared to open substantive talks if Clerides is given a clear mandate to negotiate a political settlement are positive signs.

Makarios will be returning to Cyprus with significant assets. He enjoys the support of a majority of Greek Cypriot groups and individuals. He will control the church and its vast wealth as well as the bureaucracy, and he has the public if not private blessing of the Greek government. Moreover, his opponents on the right and center-right are reportedly passive, divided, and politically impotent. Clerides, in particular, remains a leader without an effective political machine or ability to challenge Makarios openly. His own political party is reportedly split between those loyal to him and those who support Makarios.

Makarios' long-term prospects, however, will depend on the degree to which he can successfully confront the severe dislocations within the Greek Cypriot community and the type of settlement he can get from the Turkish Cypriots. At this stage it appears that the archbishop is in for some rough going and probably will eventually experience a decline in his popularity.

Next 3 Page(s) In Document Exempt

National Intelligence Bulletin

December 7, 1974

ETHIOPIA

Ethiopia's ruling military council, trying to demonstrate it is getting down to business, yesterday named its choices to fill key military and government vacancies.

The council appointed General Getachew Nadew to head the ground forces and General Taye Telahun the air force--both are well qualified. Other posts filled include police commander, navy commander, and infantry division commanders. The appointees do not appear to belong to any single tribal group or military faction.

The military council also named new foreign and defense ministers. Its choice to head the Foreign Ministry was Kifle Wodajo, who spent many years in the US, first as Ethiopia's UN representative and then as ambassador since 1972. Kifle replaces Zewde Gebre Selassie, who is in Washington and has decided not to return home.

Ayalew Mandefro, until recently ambassador to Somalia, will take over the defense portfolio, replacing the late General Aman. Ayalew has performed well in his delicate diplomatic post.

The council has also announced that a military tribunal has begun to try former officials. The announcement provided few details, but it appears that the tribunal is dealing with lesser offenders. Earlier this week the council arrested 17 additional persons, most of whom had been associates of old regime officials or of General Aman.

The council responded coolly to the appeal by the UN Secretary General on behalf of the current group of prisoners, estimated to number more than 170.

Next 5 Page(s) In Document Exempt

National Intelligence Bulletin

December 7, 1974

BRAZIL

Brazilian officials are trumpeting a potentially rich oil find off the coast of Rio de Janeiro State. Finance Minister Simonsen has estimated that the find could make Brazil nearly self-sufficient by the end of the decade; Mines and Energy Minister Ueki is also optimistic.

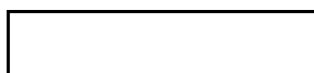
Brazil habitually overreacts to a new petroleum find, and this may be only the latest in a series of overly optimistic outbursts. Despite a call for caution by the head of the state petroleum enterprise, government spokesmen and press accounts are contributing to what the US embassy calls a "climate of euphoria." The news has caused a sharp rise in stock market prices.

Even though the real dimension of the discovery will not be known for some time, members of the Geisel administration apparently have seized on the news to try to offset the impact of recent economic setbacks. Brazil faces a serious balance-of-payments problem as well as high inflation--both made worse by extensive imports of crude. Government officials have indicated that Brazil's extraordinary growth rate will probably decline in the coming year.

The estimate may also be, as the US embassy points out, a bid to rebuild the administration's prestige, following the opposition's electoral victory last month.



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25X1

National Intelligence Bulletin December 7, 1974

COLOMBIA

President Lopez' stringent efforts to contend with the serious economic problems he inherited four months ago have eroded his public and congressional support.

The Colombian congress is continuing its mandatory review of the emergency economic measures decreed by Lopez in September and October, but the review is moving slowly as the legislators keep an eye on public opinion. Violent demonstrations against the measures are taking place in many parts of the country, forcing Lopez to place several cities and towns under modified martial law and to call in troops to help police.

Although Lopez has quietly abandoned a campaign of television appearances in support of the economic measures, he has not wavered from the measures themselves. The unexpected tension engendered by these moves is, however, likely to produce some accommodation over time.

If the combined weight of the demonstrations and martial law becomes a significant factor in the congressional review process, Lopez can be expected to change his tack. He could do this most easily by sacrificing his economic team and negotiating changes in his decrees with congress.

25X1

National Intelligence Bulletin

December 7, 1974

FOR THE RECORD

Burma: According to press reports, the Burmese government has agreed to a student demand that a special monument be erected in honor of former UN secretary general U Thant. The action is likely to defuse student protests over the government's handling of funeral arrangements for U Thant. [REDACTED]

25X1

Vietnam: Initial analysis of aerial photography [REDACTED] identified four possible North Vietnamese 57-mm. single-barrel antiaircraft guns mounted on T-34 tank chassis. [REDACTED] there was photographic confirmation of twin 37-mm. antiaircraft guns mounted on T-34 tank chassis in Quang Tri Province. The 57-mm. weapon system may have been improvised in North Vietnam or possibly produced in China. There is no known Soviet system incorporating these weapons with a tank chassis. If confirmed, this weapon system could be effectively used for convoy protection and mobile combat operations in South Vietnam. [REDACTED]

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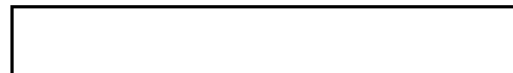
North Vietnam - USSR: A North Vietnamese delegation led by Foreign Minister Nguyen Duy Trinh arrived in Moscow this week to negotiate the Soviet - North Vietnamese aid agreement for next year. Radio Hanoi has said that the Trinh mission "will hold talks and sign agreements on Soviet economic and military aid." This is a departure from last year's descriptions of the aid agreement; both Moscow and Hanoi then noted that the aid package was purely "economic and technical." North Vietnam and China concluded a military and economic aid agreement for 1975 in late October. [REDACTED]

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